

NetAmerica Alliance, LLC

Enabling Rural Broadband



www.NetAmericaAlliance.com

Agenda

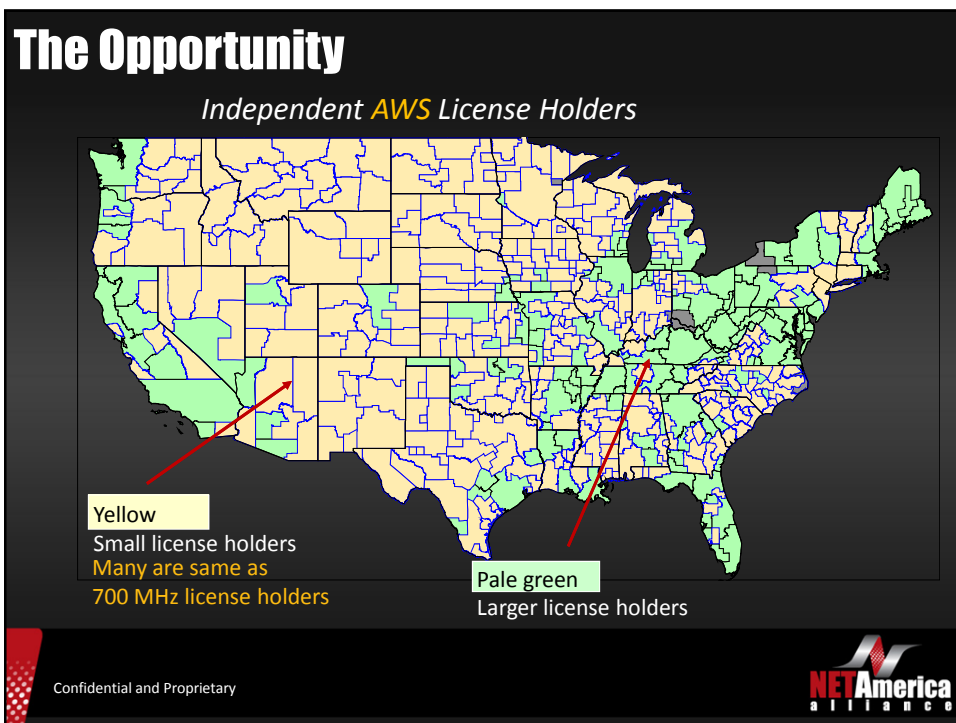
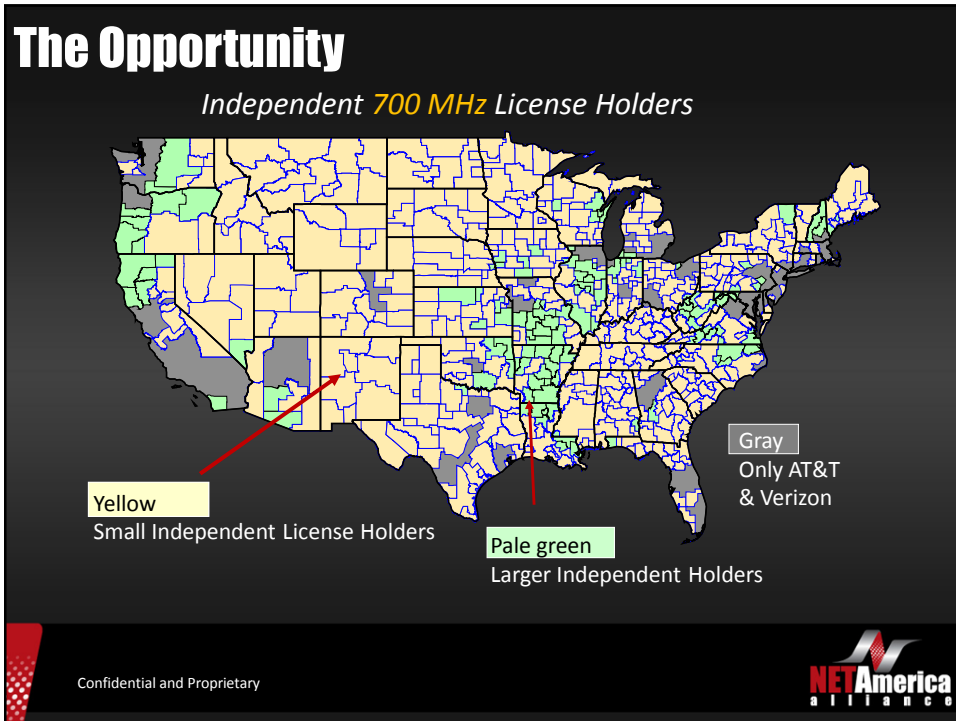
The Opportunity for Rural Spectrum Holders

The Challenge They Face

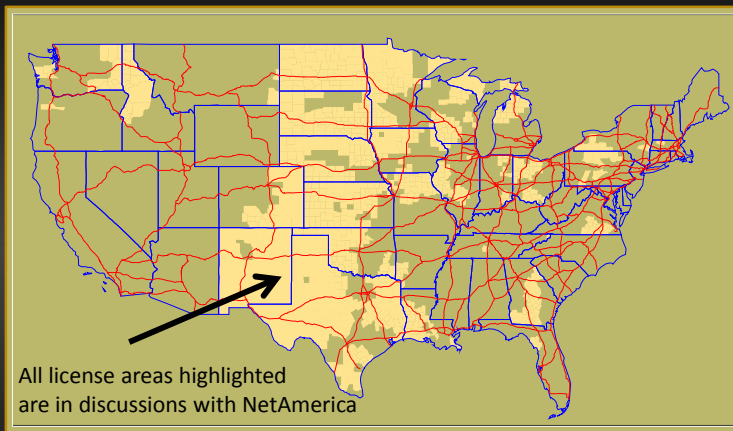
NetAmerica Alliance Solution & Business Model

Summary





NetAmerica Progress



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Talking Points – The Opportunity

- There are approx. 1,300 independent service providers in small to mid-sized US markets.
- More than 225 of these carriers have 700 MHz or AWS licenses; these licenses cover 282M of US population, 122M households, and more than 3M square miles.
- Many of these carriers have been serving their constituents with advanced communication services for more than 50 years and are relied upon for innovation and technology leadership.
- The world has gone mobile and these carriers know it; that's why they acquired the spectrum; the challenge is to monetize that investment via a profitable business case, while maintaining control and competing to win.

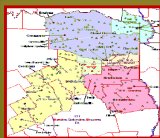
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The NetAmerica Alliance Solution

- **The License Holder.....**

- Owns the spectrum & builds the local network
- Becomes an alliance participant and gets the benefit of scale
- Uses NetAmerica for shared services



700 MHz & AWS Licenses



Local Focus



Capital



Operating Strength

- **NetAmerica.....**

- Owns and operates the core
- Provides central buying power and scale for key success factors
- Provides business and network services

Strength in Numbers

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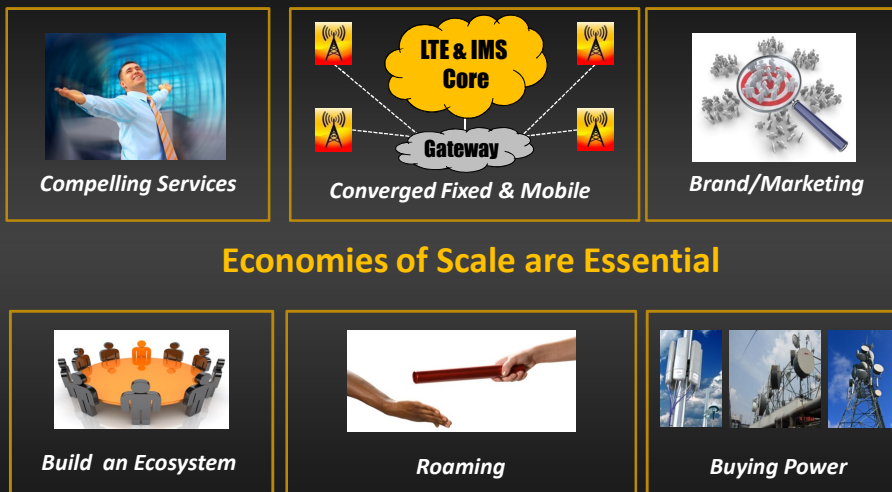
Talking Points – The NetAmerica Solution

- The answer to “how to compete and win” as a small to medium-sized license holder is to combine forces with other spectrum holders through an alliance led by NetAmerica.
- NetAmerica provides buying power, nationwide branding, marketing and training programs, a network operations center, core networking elements, applications development and nationwide roaming arrangements.
- Participants run the network in their own territories, while NetAmerica provides the critical mass and economies of scale needed to “compete and win.”
- The key is that NetAmerica allows participants to not only profitably deploy both fixed and mobile wireless broadband services, but also to ensure seamless integration of their fixed wire line business by deploying a state-of-the-art IMS core, all the while allowing the spectrum holder to remain in control of their own destiny.

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The Challenge – How Do They Compete?



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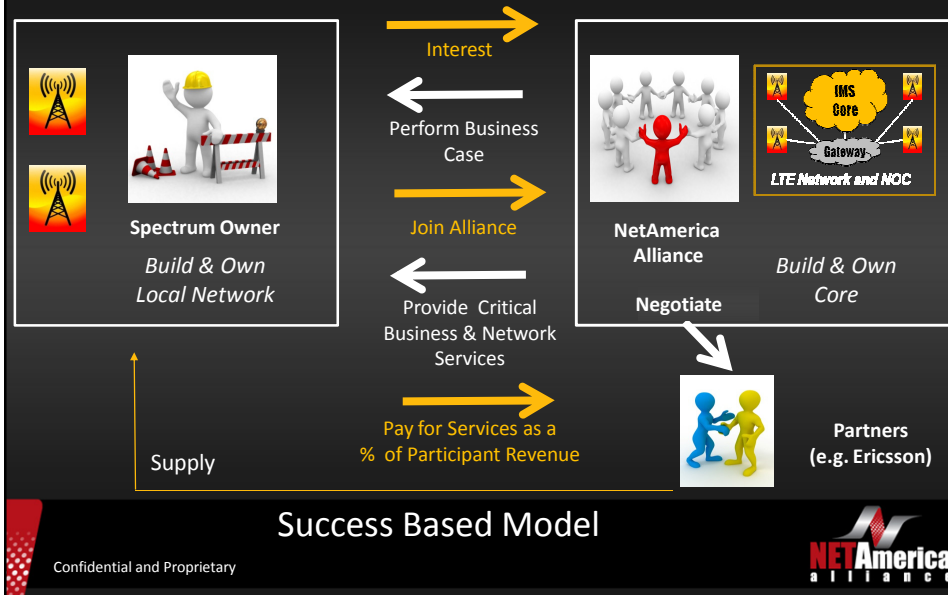
Talking Points – The Challenge

- The need is converged fixed and mobile with complete geographic coverage
- The key questions on the top of anyone's mind who acquired and own spectrum are...
 - Can I make a business case for 4G?
 - How do I do it and how do I remain competitive?
 - How do I get economies of scale in everything from buying my radios and base stations to handsets and roaming to developing a national brand?
 - Quite simply, how do I, as a limited spectrum holder, get anyone's attention?
 - What about my fixed line business? What am I going to do about convergence if I can not afford an IMS architecture and an Evolved Packet Core?
- **Biggest Obstacle: the duopoly (Verizon & AT&T) is using control of the ecosystem and roaming to freeze out rural competitors**

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The NetAmerica Business Model



Talking Points – The NetAmerica Model

- Our engagement with a carrier begins with a detailed 7-year business case for its license area, including radio planning, the capital cost of a network build-out, all operational expenses required to run the network, etc.
- Potential participants know, before they commit, whether they have a viable business case and can then decide to build-out all or a portion of their license area.
- NetAmerica secures a reservation for a charter, while that business case is analyzed and while under review – we protect their serving area.
- Since many licensees are large, NetAmerica works with them to bring in other RLECs to lease portions of the license and cover the entire license geography, thus ensuring rural subscribers' access to fixed and mobile 4G services.
- Upon joining, they purchase equipment using our pre-negotiated partner pricing and buy from us, a full suite of business and network services, which they pay for as a percentage of subscriber revenue. It is a success-based business model.

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Summary – Providing the 4G Advantage

For Rural Carriers:

- Economies of scale make business case viable
- Gain scale needed to maintain control of their destiny
- Realize true convergence with an IMS core and advanced applications
- Enables broad rural coverage (beyond certified footprint)
- Collective success achieved through the power of the alliance

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Summary – Providing the 4G Advantage

For Rural Customers:

- Broadband becomes available in otherwise un-served areas
- Compelling 4G services comparable to urban duopoly offerings
- Affordable offerings appropriate for rural demographics

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Summary – Providing the 4G Advantage

Critical Areas Needing Regulatory Assistance:

- Duopoly's predatory roaming pricing and control of device ecosystem will disadvantage rural Americans

Regulatory Interventions Needed:

- Mandate wholesale voice and data roaming at significant discount over retail
- Mandate device inter-operability and availability to all carriers on reasonable terms



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